



## **STATEMENT OF INTERNAL CONTROL**

### **Introduction**

Cranbrook Town Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for as well as being used economically, efficiently and effectively. In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

### **The System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to

- a) identify and prioritise the risks to the achievement of the Council's policies, aims and objectives;
- b) evaluate the likelihood of those risks being realised and the impact should they be realised;
- c) manage them efficiently, effectively and economically.

The system of internal control has been in place at the Council for the year ended 31 March 2020 and accords with proper practice as laid down by the Council's Financial Regulations which were last adopted in November 2019.

### **The Council's Internal Controls**

#### The Council's Chairman

The Council elects a Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful. The Council reviewed its obligations and objectives and approved the level of precept and individual budgets for the following financial year at its January meeting.

#### Full Council

The full Council meets at least once a month and monitors progress against its aims and objectives at each meeting by reviewing and ratifying the recommendations of the Finance & Personnel Committee and by receiving relevant reports from the Clerk and

Responsible Finance Officer. The Council carries out regular reviews of its internal controls, systems and procedures.

### Finance & Personnel Committee

The Finance & Personnel Committee monitors expenditure against budget on a quarterly basis and carries out regular reviews of financial matters. It makes recommendations to the full Council.

### Risk Management

On 19 November 2019, the full Council reviewed and approved its Risk Management Strategy and Risk Register (ref. minute 19/224). At the same meeting, the full Council adopted the accompanying risk assessments relating to

- i. Slips and Trips
- ii. Manual Handling
- iii. Office Safety
- iv. Kitchen
- v. Play Parks Safety
- vi. Councillor
- vii. Allotment Safety – with amendments
- viii. Volunteer
- ix. Xmas Tree
- x. Country Park

The Council's system of risk management remains under bi-annual review as new assets transfer to the Town Council.

### The Clerk

The Council appoints a Clerk and Responsible Finance Officer who acts as the Council's advisor and administrator. The Clerk manages and administers the Council's finances and is responsible for the day-to-day compliance with laws and regulations which the Council is subject to and for managing risks as well as ensuring adherence to the Council's procedures, control systems and policies. The Clerk is supported by a Deputy Clerk and one part-time Administrative Assistant.

### Payments

Most payments are currently made by BACS and very few by cheque. All payments are reported to the Council for approval, resolution and minuting. Two of the three duly authorised Members of the Council must authorise every payment through authorisation of payments online or signing cheques. The authorised signatories are provided with proof of payment details for new recipients and electronic copies of invoices at the point of payment authorisation.

### Bank Reconciliations

According to the Council's Financial Regulations, a Member other than the Chairman or a cheque signatory is appointed to verify bank reconciliations for all accounts once in each quarter. That Member signs the reconciliations and the original bank statements as evidence of verification and reports his or her findings to the Finance & Personnel Committee on a quarterly basis.

## Internal Audit

The Council appoints an independent Internal Auditor who reports to the Council on the adequacy of its:

- financial records
- procedures
- systems
- internal control regulations
- risk management
- reviews

The effectiveness of the internal audit is reviewed annually.

## External Audit

The Council's External Auditors, PKF Littlejohn, submit an annual Certificate of Audit, which is presented to the Council.

## **Effectiveness**

The Council has responsibility for conducting an annual review of the effectiveness of its system of internal controls. The review of the effectiveness of the system of internal controls is informed by the work of the:

- Finance & Personnel Committee;
- full Council;
- Clerk and Responsible Financial Officer who has responsibility for the development and maintenance of the internal control environment and the management of risks;
- independent Internal Auditor who reviews the Council's system of internal controls;
- External Auditors, PKF Littlejohn, who make the final check using the Annual Governance and Accountability Return, a form completed and signed by the Responsible Financial Officer, the Chairman and the Internal Auditor;
- any significant issues which might be raised during the year.

## **Covid-19 Period of Emergency Measures**

Following the government's announcements relating to the period of emergency measures due to the outbreak of Covid-19 in March 2020, the Council passed a resolution on 23 March 2020 governing delegated decision-making while no public face-to-face meetings could take place (minute 20/50). As soon as relevant new legislation was passed and the Council resumed its normal cycle of (remote) meetings, all decisions made during that period were approved by resolution.

## **Success of the Council's Internal Control**

The Council's internal auditor, the South West Audit Partnership (SWAP), awarded a High Substantial assurance rating for the 2019-20 financial year which is the highest within their assurance rating hierarchy. No recommendations for improvement were made relating to the 2019-20 financial year.

The Council strives for the continuous improvement of its system of internal control and addresses any issues and weaknesses as and when they are brought to the Council's attention.

Adopted: 22 June 2020  
Date for next Review: April 2021